Before the
Federal Communications Commission
Washington, D.C. 20554

In the Matter of	)	
	)	WC Docket No. 04-36
IP-Enabled Services	)	

Reply Comments of Global Crossing North America, Inc.

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Global Crossing North America Inc., on behalf of its U.S. operating subsidiaries (collectively referred to as "Global Crossing"), hereby submits its Reply Comments in the above-captioned proceeding.

The overwhelming majority of comments submitted recognize that IP-enabled services in general, and IP-enabled voice services in particular, constitute nothing more than one of a multitude of applications available on the Internet. Nonetheless, some parties, mainly the incumbent local exchange carriers ("ILECs"), argue that traditional access charges should apply to the origination and/or termination of IP-enabled services on the public switched telephone network ("PSTN").[1] For the reasons set forth below, the Commission should (1) reject the application of access charges to IP-enable services in the absence of appropriate interconnection arrangements at the IP-level, and (2) clarify that IP-enabled service providers may continue to operate under the "ESP exemption" and are entitled to originate and/or terminate IP-enabled traffic to the PSTN either

[1] See, e.g., Comments of the Verizon Telephone Companies at 42; Comments of CenturyTel, Inc. at 11; Comments of Valor Telecommunications of Texas, L.P. and Iowa Telecommunications Services, Inc. at 4; Comments of BellSouth Corporation at 43; Comments of SBC Communications at 68. It should be noted that Qwest Communications International, Inc. opposes the application of access to IP-enabled services.

through retail arrangements or as permitted through existing interconnection arrangements established pursuant to the Telecommunications Act of 1996.

I. The Commission Needs to Support Continuing Investment in IP Technologies and the Interconnection of IP Networks

In its comments, the Verizon Telephone Companies ("Verizon") make the rather stunning admission with regards to IP-enabled services that ILECs are "behind the established cable companies and other providers" and their "share of the broadband market is far from dominant."[2] The Commission should be alarmed by the failure of the ILECs to incorporate IP technology into the PSTN and their failure to invest in broadband technology in a timely manner. The failure of the ILECs' to invest appropriately should not be rewarded by the Commission. Moreover, the rest of the telecommunications industry should not be penalized for properly investing in IP and broadband technology. Yet that is what the ILECs are asking for when they seek to apply traditional access charges to IP-enabled services. The Commission should not burden the entire telecommunications industry with the ILECs' short-sightedness and stubborn refusal to invest in tomorrow's technology today.

Instead, the Commission should require the ILECs to establish interconnection to the PSTN at the IP-level. The exact technical, financial, operational, and administrative details of IP interconnection can be negotiated within the industry[3], but until such arrangements are available it is unconscionable to allow the ILECs to assess access charges on IP-enabled services. Importantly, if the ILECs do not offer interconnection to the PSTN at the IP level, then IP-enabled service providers have to perform a protocol

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[2] Verizon Comments at 26.

[3] Such negotiations should be subject to baseball-style arbitration by a third party arbitrator as described in Global Crossing's initial Comments.

conversion (from IP to circuit switched), which of course transforms the communication from "basic" to "enhanced" under Commission precedent and triggers the "ESP exemption" from access charges.

In sum, the Commission cannot allow the ILECs to have their cake and eat it too. Either the ILECs have to offer interconnection at the IP level or they have to accept that IP-enabled services are subject to the "ESP exemption." Regardless, the Commission should not reward the ILECs' failure to invest in IP and broadband technology by allowing them to assess access charges on the origination or termination of IP-enabled services. Instead, IP-enabled service providers should be permitted to originate and/or terminate IP-enabled traffic to the PSTN either through retail arrangements or as permitted through existing interconnection arrangements established pursuant to the Telecommunications Act of 1996.

To be clear, Global Crossing is not suggesting that IP-enabled service providers should pay nothing to originate or terminate traffic on the PSTN.[4] Rather, Global Crossing believes that until the Commission establishes a uniform inter-carrier compensation regime that is applicable to all forms of traffic, IP-enabled traffic should continue to be recognized under the "ESP exemption." Originating or terminating PSTN carriers will continue to be compensated for the use of their network either at retail rates or at cost-based rates for reciprocal compensation under interconnection agreements negotiated pursuant to the Telecommunications Act of 1996.

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[4] Global Crossing does support a uniform inter-carrier compensation arrangement applicable to all forms of traffic that is based on the principal of "bill and keep."

II. Continued Competitive Development of IP Technologies Will More Effectively Deliver IP-Enabled Services to the Broader Consumer Market

The comments to date in this proceeding vividly illustrate the broad range of innovative services made possible by IP technology that are available today and will be available in the future. The abundance of new services is the result of competitive investment in IP technologies and IP network infrastructure. As Verizon admits, the Bell companies are not the investment leaders. Instead, they are the followers. The Commission cannot allow the proverbial Bell tail to wag the competitive dog through the imposition of access charges.

It is competitive investment in cutting edge IP technologies that has powered the continuing innovations in IP-enabled services. The imposition of access charges will divert critical investment dollars away from further investment and into the pockets of the Bell companies. This would delay the availability of IP-enabled services to the broader mass-market population.

III. Conclusion

In order to foster the continuing development of a diverse, competitive market for IP-enabled services, the Commission should (1) reject the application of access charges to IP-enable services in the absence of appropriate interconnection arrangements at the IP-level, and (2) clarify that IP-enabled service providers may continue to operate under the "ESP exemption" and are entitled to originate and/or terminate IP-enabled traffic to the PSTN either through retail arrangements or as permitted through existing interconnection arrangements established pursuant to the Telecommunications Act of 1996.

Respectfully submitted,

Global Crossing North America, Inc.

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